
PLEA: Butlin's chief Dermot King

Butlin's boss calls for VAT cut during school holidays

By **Sarah Bridge**

THE boss of Bourne Leisure has called on Ministers to reduce VAT for the tourism industry during school holidays to test the effect of a tax cut.

Dermot King, whose company owns the three Butlin's seaside resorts, Warner Leisure Hotels and Haven holiday parks, said Britain's hospitality industry couldn't compete with foreign destinations

TAX BREAK: How British hotels lose out from high VAT rate

due to the tax burden, adding: 'If you stay at a hotel in Clacton you are charged VAT at 20 per cent for the privilege. But in a Barcelona hotel you're charged just 10 per cent.'

The £127 billion-a-year tourism sector is Britain's fourth largest industry and employs 10 per cent of the UK workforce.

King said: 'If you want to rebalance the economy then tourism is the easiest industry to grow. It can create jobs fast, especially for young people, and that growth wouldn't be sucked out of another part of the economy. You are persuading more British families to stay at home and more overseas families to holiday here.'

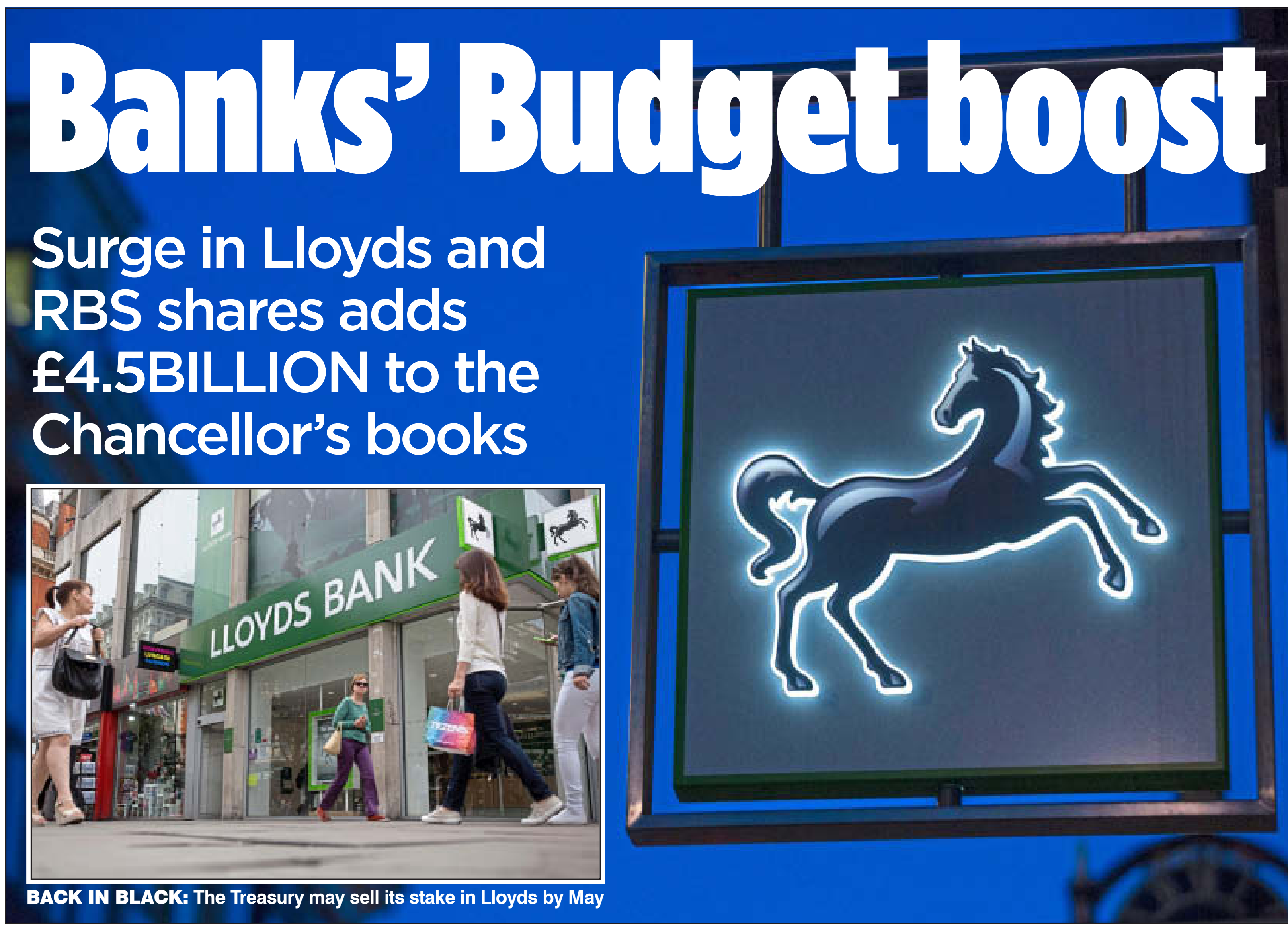
He said of a zero rate of VAT for the hospitality industry: 'It would create 100,000 jobs and give a return in just three years. For those reasons I urge the Government to think about its tax strategy.'

King admitted that so far Ministers had been reluctant to cut VAT, but said: 'If the Government finds a full VAT cut too expensive, one thing it could do to test whether it works is to reduce VAT for school holidays.

'That would be a great message for families and it could measure the effect. People would see the difference. We'd cut our prices that day.'

Banks' Budget boost

Surge in Lloyds and RBS shares adds £4.5BILLION to the Chancellor's books



BACK IN BLACK: The Treasury may sell its stake in Lloyds by May

By **Alex Hawkes**

THE Chancellor is in line to enjoy a £4.5billion Budget boost next week thanks to three months of surging bank share prices, with the taxpayer likely to see a half billion pound profit on their shares in Lloyds Banking Group.

The Government stake in Royal Bank of Scotland is still showing a huge loss, but even its shares have risen strongly since the Autumn Statement in November 2016. The increase will provide a welcome boost to the outlook for public debt when new figures are published alongside the Budget on March 8.

Rising bank share prices have delivered a turnaround for the Government's stake in Lloyds. In November, the Office for Budget Responsibility said the Government was heading for a £400million loss on its stake.

But Lloyds shares have recovered as prospects for the UK economy improve. Last week's announcement of a near-tripling in pre-tax profits and the proposed payment of £2.2billion in dividends have seen them soar further.

At Friday's closing price of 69p, the Government's 3.8 per cent stake in Lloyds was worth almost £1.9billion. The Treasury has already recovered £19billion from share sales and dividends, and it is due a further £80million from the dividends announced last week.

That puts it on course to recover £21billion in total from Lloyds. Gordon Brown's Government paid £20.5billion for the shares at the height of the financial crisis in the autumn of 2008.

Official estimates, which include the £3.2billion of other payments made by Lloyds to the Government, but also the £3.6billion cost to the Treasury of borrowing the bailout money, will show a reduced profit. However, the taxpayer will still emerge at least £100million ahead.

The Government is likely to have sold its remaining stake in Lloyds by the end of May, leaving the bank, which first used its famous black horse logo in 1677, independent again. But sales of further RBS shares are unlikely until the bank has settled a case with the US Department of Justice over sub-prime mortgage lending before the global financial crisis.

The bank said last week that it was no closer to reaching a resolution of the issue than it was last month – when it set aside £3.1billion to settle the likely bill.

The Government injected £45.8billion into RBS at the time of the crisis. At the last official calculation the Government had raked in £8billion in fees and its stake was worth just £16billion – meaning taxpayers are tens of billions out of pocket on paper. Shares in RBS fell last week after it announced yet another mammoth loss, but the stock is still well up since that official tally of the taxpayer's stake in November, having risen from 188p a share to 245p at Friday's close. The increase has cut the Government's loss by £4billion. Adding the £500million increase in Lloyds shares, the £4.5billion boost comes as the Chancellor puts together what he hopes will be a 'low-key' Budget.


WINNING STAKE: Philip Hammond

Economists are divided on whether Hammond will use the slightly brighter outlook for the £1,800billion national debt as an excuse for a few giveaways in his Budget.

David Kilshaw, at accountancy group EY, said Hammond may also consider introducing tapping the rich with a special capital gains tax rate. He said: 'Recent Budgets have introduced the concept of capital gains tax for particular assets, such as property. The Chancellor could find this an attractive trend and perhaps introduce a rate for luxury assets.'

But Samuel Tombs, chief UK economist at consultancy Pantheon Macroeconomics, expected Hammond to resist the urge to spend. He said: 'We expect him to broadly stick to current plans. Borrowing over recent months has been lower than the Office for Budget Responsibility expected in November, and the Chancellor has some "fiscal headroom" to increase spending and still meet his new fiscal rules.

'But he will want to retain scope to loosen policy in 2019, when Brexit is likely to happen and when the next Election will be rapidly approaching.'

Strong January public finance figures have led some to believe that the Chancellor may step in to provide a boost to selected groups.

Howard Archer, chief UK economist at researcher IHS Global Insight, said: 'He could choose to provide some modest help to households, particularly the worse off, as purchasing power is increasingly squeezed by rising inflation.

'Or he could decide to give limited extra money to the NHS.'


HUMAN COST: Bill Gates has proposed a tax on robots

Tax on robots? We're not 21st Century Luddites

THE Chancellor is set to ignore calls from the world's richest man for a tax on robots when he presents next week's Budget, according to a Treasury Minister.

Microsoft founder Bill Gates has proposed a levy on robots to make up for the income tax lost from the jobs they replace. He said: 'Right now, for the human who does $50,000 of work in a factory, that is taxed and you get income tax, social security, all those things.

'If a robot comes to do the same thing, you would think we would tax the robot at a similar level.'

But Treasury Minister David Gauke has already said the UK is opposed to a robot levy. Speaking earlier this month at a meeting of think-tank Politeia, he said: 'We shouldn't regard such advances with the hostility of 21st Century Luddites, nor seek to stifle them in a misguided attempt to protect jobs. Don't expect the Chancellor to announce a new "tax on robots" any time soon. The role of Government is to back and enable the science, research and innovation of the next generation.'

Alex Hawkes